

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 DOE-11 H-01 INR-10 INT-05 L-03
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FM SECSTATE WASHDC
TO AMEMBASSY BRUSSELS
INFO AMEMBASSY LONDON
AMEMBASSY PARIS

C O N F I D E N T I A L STATE 061088

USEEC, PARIS ALSO FOR USOECD

E.O. 11652: GDS

TAGS: EEC, ENRG

SUBJECT: CLARIFICATIONS OF REPORTED PREFERENTIAL EC OIL
SHARING PLAN

REF: BRUSSELS 4113, LONDON 3145

1. DEPARTMENT'S SECOND HAND ACCOUNTS OF BRONDEL'S DIS-
CUSSIONS WITH THE COMPANIES AND THE IEA SECRETARIAT
INDICATE THAT HE WAS NOT PRECISE ON THE TECHNICALITIES
OF HOW THE IEA AND THE EC SYSTEMS MIGHT MESH. HE DID,
HOWEVER, SUGGEST THE NEED FOR A LINK WITH INDUSTRY THAT
WOULD PROVIDE TO THE EC THE SAME SORT OF EXPERTISE PROVIDED
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TO THE IEA BY THE INDUSTRY ADVISORY BOARD (IAB). INDUSTRY
REPS ARE REPORTED TO HAVE BEEN UNENTHUSIASTIC ABOUT DUPLI-
CATING THEIR EFFORTS FOR THE IEA. THE U.S. COMPANIES ALSO
EXPRESSED THEIR CONCERN ABOUT THE LEGALITY OF THEIR PAR-
TICIPATION IN AN ALLOCATION SCHEME OUTSIDE THE LIMITS OF THE
VOLUNTARY AGREEMENT WITH THE DEPARTMENT OF JUSTICE UNDER
WHICH THEY NOW OPERATE -- AN AGREEMENT WHICH IS LIMITED TO

ACTIVITIES UNDER CHAPTER III AND IV OF THE IEP.

2. BRONDEL SEEMS ALSO TO BE SEARCHING FOR A MECHANISM WHEREBY AMOUNTS OF OIL ALLOCATED TO THE IEA MEMBERS OF THE

EC BUT DESTINED EVENTUALLY FOR FRANCE UNDER THE EC SCHEME MIGHT SOMEHOW BE SHIPPED TO FRANCE DIRECTLY BY IAB COMPANIES. THIS MIGHT BE ACCOMPLISHED BY ADJUSTING THE IEA ALLOCATION RIGHTS AND OBLIGATIONS OF THE 8 IEA MEMBERS OF THE EC. IN OUR VIEW THIS COULD REQUIRE SOME MODIFICATION IN THE IEA'S EMERGENCY MANAGEMENT MANUAL AND CONSIDERATION BY THE GOVERNING BOARD.

3. THE DEPARTMENT'S POSITION ON THE PRINCIPLE OF THE EC EMERGENCY SYSTEM BEING LINKED WITH THE IEA SYSTEM IS THAT WE DO NOT OBJECT TO PROCEDURES WHICH WOULD FACILITATE THE OPERATION OF THE EC EMERGENCY PLANS WITHIN THE IEA, SO LONG AS THIS DOES NOT CALL INTO QUESTION THE DELICATE BALANCE OF RIGHTS AND RESPONSIBILITIES ASSUMED BY IEA MEMBERS, AND SO LONG AS THIS DOES NOT GIVE FRANCE PREFERENTIAL TREATMENT OVER OTHER NON-IEA MEMBERS.

4. WE UNDERSTAND THAT THE IAB COMPANIES PRESENT AT THE MEETING WITH BRONDEL AGREED TO PASS ON THE SUBSTANCE OF THE CONVERSATION TO THE FULL IAB WHEN IT NEXT MEETS IN LATE JUNE. THEY MADE NO FURTHER COMMITMENTS. A MEETING WITH CONFIDENTIAL

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BRONDEL NEAR THE TIME OF THE NEXT SEQ MEETING IN EARLY JULY IS A POSSIBILITY.

5. MISSION SHOULD REPORT ANY FURTHER INFORMATION OBTAINED ON THIS PROPOSAL BUT SHOULD NOT SOLICIT IT AT THIS TIME.
VANCE

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NNN

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